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DISABLED VETERANS' EXEMPTION INFORMATION AND INSTRUCTIONS

GENERAL INFORMATION

California property tax laws provide that an exemption of up to \$100,000 of assessed value (\$100,000 Exemption) is available to property which constitutes the home of a veteran, or the home of the unmarried surviving spouse of a veteran, who, because of injury or disease incurred in military service, **is blind in both eyes** or has **lost the use of two or more limbs or is totally disabled**. The \$100,000 Exemption increases to \$150,000 of assessed value (\$150,000 Exemption) if your household income for last year did not exceed \$42,814. Once granted, the \$100,000 Exemption remains in effect until terminated. **Annual filing is required for any year in which a \$150,000 Exemption is claimed.**

LEGISLATION, which became effective commencing with the 1994–95 fiscal year, expanded the disabled veterans' property tax exemption to the unmarried surviving spouse of a person who, as a result of a service-connected injury or disease, died while on active duty in the military service and served in time of war or in time of peace in a campaign or expedition for which a medal has been issued by Congress. This law provides that the Veterans Administration shall determine whether an injury or disease is service-connected.

There are two alternatives by which a disabled veterans' property tax exemption may be granted:

Alternative 1: The exemption is available to an eligible owner of a dwelling which is occupied as the owner's principal place of residence as of 12:01 a.m. January 1 each year, or

Alternative 2: The exemption is available to an eligible owner of a dwelling subject to Supplemental Assessment(s) resulting from a change in ownership or completion of new construction on or after January 1 provided,

- (a) The owner occupies or intends to occupy the property as his or her principal place of residence within 90 days after the change in ownership or completion of construction **and**,
- (b) The property is **not** already receiving the disabled veteran's exemption or another property tax exemption of greater value. If the property received an exemption of **lesser** value on the current roll, the difference in the amount between the two exemptions shall be applied to the Supplemental Assessment.
- (c) The owner does not own other property which is currently receiving the disabled veterans' exemption.

Exemption under Alternative 2 will apply to the Supplemental Assessment(s), if any, and the full exemption will be allowed for the following fiscal year(s).

To obtain the exemption, the claimant must be an owner or co-owner, a purchaser named in a contract of sale, or a shareholder in a corporation where the rights of shareholding entitle the claimant to possession of a home owned by the corporation. The dwelling may be any place of residence subject to property tax; a single-family residence, a structure containing more than one dwelling unit, a condominium or unit in a cooperative housing project, a houseboat, a manufactured home (mobilehome), land you own on which you live in a state-licensed trailer or manufactured home (mobilehome), and the cabana for such a trailer or manufactured home (mobilehome). A dwelling does not qualify for the exemption if it is, or is intended to be, rented, vacant and unoccupied, or the vacation or secondary home of the claimant.

If the disabled veterans' exemption is granted and the property later becomes ineligible for the exemption, you are **responsible for notifying the Assessor** of that fact immediately. Section 279.5 of the Revenue and Taxation Code provides for a penalty of 25 percent of the escape assessment added for failure to notify the Assessor when the property is no longer eligible for the exemption. You will be sent a notice on or shortly after January 1 each year to ascertain whether you have retained your eligibility. To avoid the penalty, you must so notify the Assessor by the following June 30.

Once granted, the \$100,000 Exemption remains in effect until terminated. Annual filing is required where the \$150,000 exemption is claimed. Once terminated, a new claim form must be obtained from and filed with the Assessor to regain eligibility.

DEADLINES FOR TIMELY FILINGS

Alternative 1: The full exemption is available if the filing is made by 5 p.m. on February 15. If a claim for the exemption is filed after that time but by 5 p.m. on December 10, 90 percent of the exemption is available. For claims filed after that time, 85 percent of the exemption is available. If a late filed claim is made for the \$150,000 exemption, in conjunction with a timely filed claim for the \$100,000 exemption, a claimant shall qualify for 90 percent or 85 percent of the additional exemption amount (i.e., 90 percent or 85 percent of \$150,000 less \$100,000).

Alternative 2: The full exemption (up to the amount of the supplemental assessment), if any, is available if the filing is made by 5 p.m. on the 30th day following the Notice of Supplemental Assessment issued as a result of a change in ownership or completed new construction. If a claim is filed after the 30th day following the date of the **Notice of Supplemental Assessment** but on or before the date on which the first installment of taxes on the supplemental tax bill becomes delinquent, 80 percent of the exemption available may be allowed. Thereafter, no exemption is available on the supplemental assessment.

INSTRUCTIONS

If your name is printed on the form, make sure that it is correct and complete. Change the printed address if it is incorrect. If you are the unmarried surviving spouse of a veteran, enter the veteran's name as shown on the discharge documents; if you are using your maiden name or a surname other than the deceased veteran's name attach an explanation.

If there are no entries printed on the form when you receive it, enter your full name and mailing address, including your zip code.

LOCATION OF THE DWELLING. If the parcel number or the legal description of the property and the address of the dwelling are printed on the form, check to see that they are printed correctly and correct them if they are not. These entries identify the dwelling on which you claim the exemption.

If the dwelling has no street address, so state. Do not enter a post office box number for the address of the dwelling.

TELEPHONE NUMBER. Enter the telephone number at which you can usually be reached during the daytime.

INSTRUCTIONS FOR STATEMENTS

Line 1. Please answer the applicable questions. The Assessor will allow the proper exemption(s).

Line 2. A veteran must check one of the boxes (a, b, or c). An unmarried surviving spouse must check either box d or box e: if box d is checked, the surviving spouse must also check the box indicating the disability of deceased veteran. Proof of disability must be attached to the claim. If original documents are forwarded to the Assessor, the Assessor will make a copy and return the originals to you. The unmarried surviving spouse must include both a marriage license and proof of the deceased veteran's disability. This line is not applicable if the claimant has an active claim on file with the Assessor.

Line 3. If you are claiming the \$150,000 Exemption, compute your household income as determined below and enter the net household income (*total of A less total of B*) on Line 3 of the claim.

Household Income (section 20504)

Household income means all income received by all persons of a household while members of such household. Include only the income of persons who were members of the household during the calendar year prior to the year of this claim (if the claim is for 2002, the income would be for the calendar year 2001).

The term *household* includes the claimant and all other persons, except bona fide renters, minors, or students.

A. Household income includes:

(You will not be required to attach a list showing your income, but such a list should be retained by you for audit purposes. You may wish to use the form found in the "Property Tax Postponement" pamphlet issued by the California State Controller. If so, contact your Assessor or county tax collector.)

- (1) Wages, salaries, tips, and other employee compensation.
- (2) Social security, including the amount deducted for Medi-Care premiums.
- (3) Railroad retirement.
- (4) Interest and dividends.
- (5) Pensions, annuities and disability retirement payments.
- (6) SSI/SSP (Supplemental Security Income/State Supplemental Plan), AB (Aid to the Blind) and ATD (Aid to Totally Disabled), AFDC (Aid to Families with Dependent Children), APSB (Aid to the Potentially Self-Supporting Blind).
- (7) Rental income (or loss).
- (8) Net income (or loss) from a business.
- (9) Income (or loss) from the sale of capital assets.
- (10) Life insurance proceeds that exceed expenses.
- (11) Veterans benefits received from the Veterans Administration.
- (12) Gifts and inheritances in excess of \$300, except between members of the household.
- (13) Unemployment insurance benefits.
- (14) Workers compensation for temporary disability (not for permanent disability).
- (15) Amounts contributed on behalf of the claimant to a tax sheltered or deferred compensation plan (also a deduction), see (c) below.
- (16) Sick leave payments.
- (17) Nontaxable gain from the sale of a residence.
- (18) Income received by all other household members while they lived in the claimants home during the last calendar year except a minor, student, or renter.

B. Adjustments to income

Section 17072 and following sections of the Revenue and Taxation Code provide for an *adjusted gross income*, which means, in the case of an individual, gross income minus the following deductions:

- (a) Forfeited interest penalty.
- (b) Alimony paid.
- (c) Individual retirement arrangement such as Keogh (HR 10), or Simplified Employee Plan (SEP), or SIMPLE plans
- (d) Employee business expenses.
- (e) Moving expenses and deductions of expenses (already taken) for the production of income (or loss) reported in Items 7 (rental), 8 (business), and 9 (sale of capital assets) included in *income*.
- (f) Student loan interest.
- (g) Medical savings account.